

**ARSENAL**  
GROWTH EQUITY

**City of Bristol Employee Pension Plan – Fund III Update & Fund IV Strategy**

# Arsenal Team

20+ YEARS INVESTING TOGETHER IN 70+ COMPANIES



## PARTNERS



JASON ROTTENBERG



JOHN TRBOVICH



ORLANDO MENDOZA



## INVESTMENTS

## OPERATIONS



JENNIFER DUNHAM



AMY BROOKS



JEFF GOLDSTEIN



GUY SCOTT



MARIA THOMPSON

## ADVISORS



MAJOR GENERAL  
ELDER GRANGER



ADAM GOOBIC



STEVE MILLER



JOHN NOLAN



ASHLEY LYONS

# We invest in **software**.

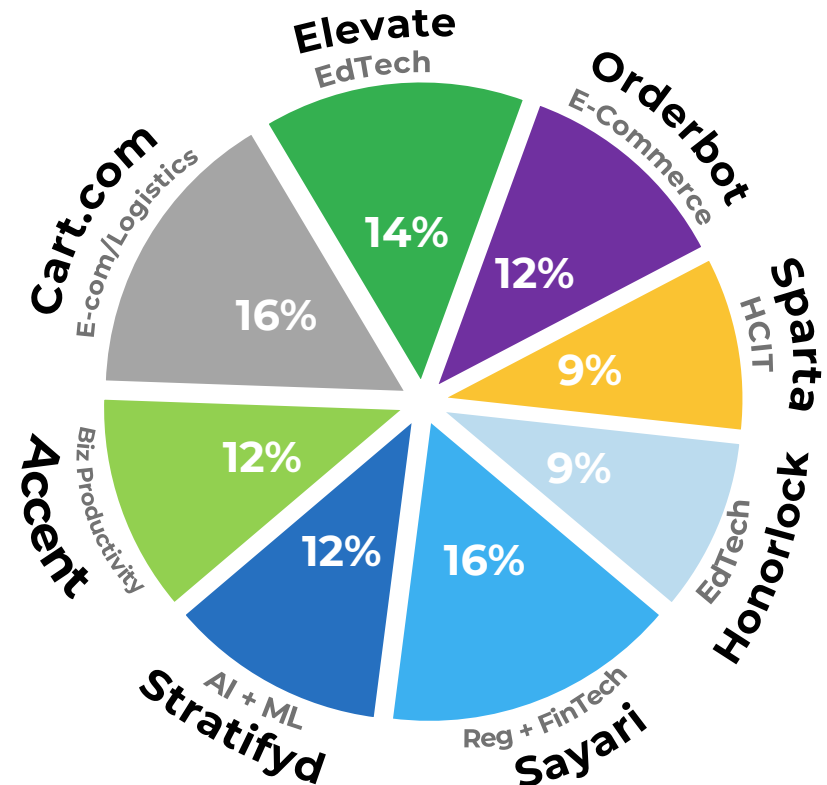


Targeting capital-efficient, execution-stage businesses where we can leverage our operational and strategic network to scale.

## MID-MARKET ACCELERATING COMPANIES

- ▶ High gross margins **70%+**
- ▶ Healthy growth rates **20-50%+**
- ▶ Targeting ARR of **\$5-20M**
- ▶ Limited capital intensity
- ▶ Minimal institutional capital raised
- ▶ Reasonable entry valuations
- ▶ **NO** Startups
- ▶ **NO** Public/Large PE Companies









## DIVERSIFIED BY INDUSTRY AND ALLOCATION\*



# Sourcing

OVER 8,000 DEALS REVIEWED FOR FUND III



		<u>Sourced Through:</u>	<u>Lead:</u>	<u>Board Role:</u>
	➡	Arsenal Operating Network Attorney	Lead	Board Seat
	➡	Arsenal Operating Network Venture Banker	Follow	Observer
	➡	Arsenal Operating Network Late-Stage PE Firm	Lead	Board Seat + Observer
	➡	Arsenal Operating Network Portfolio Company CEO	Follow	Observer
	➡	Arsenal Operating Network Attorney	Follow	Observer
	➡	Arsenal Operating Network Corp. Dev Software Exec	Lead	2 Board Seats + Observer
	➡	Arsenal Operating Network Limited Partner	Lead	Board Seat + Observer
	➡	Thematic Investment Approach Direct Outreach	Lead	Board Seat

# Arsenal Growth Performance

AS OF 12/31/21



FUND III

TVPI  
**3.03x**

NET IRR  
**75%**

GROSS IRR  
**92%**

CAPITAL CALLED  
**\$31.7m**

CURRENT VALUE  
**\$96.1m**

BRISTOL

CAPITAL INVESTED TO DATE\*  
**\$10.5m**

CURRENT VALUE  
**\$27.6m**

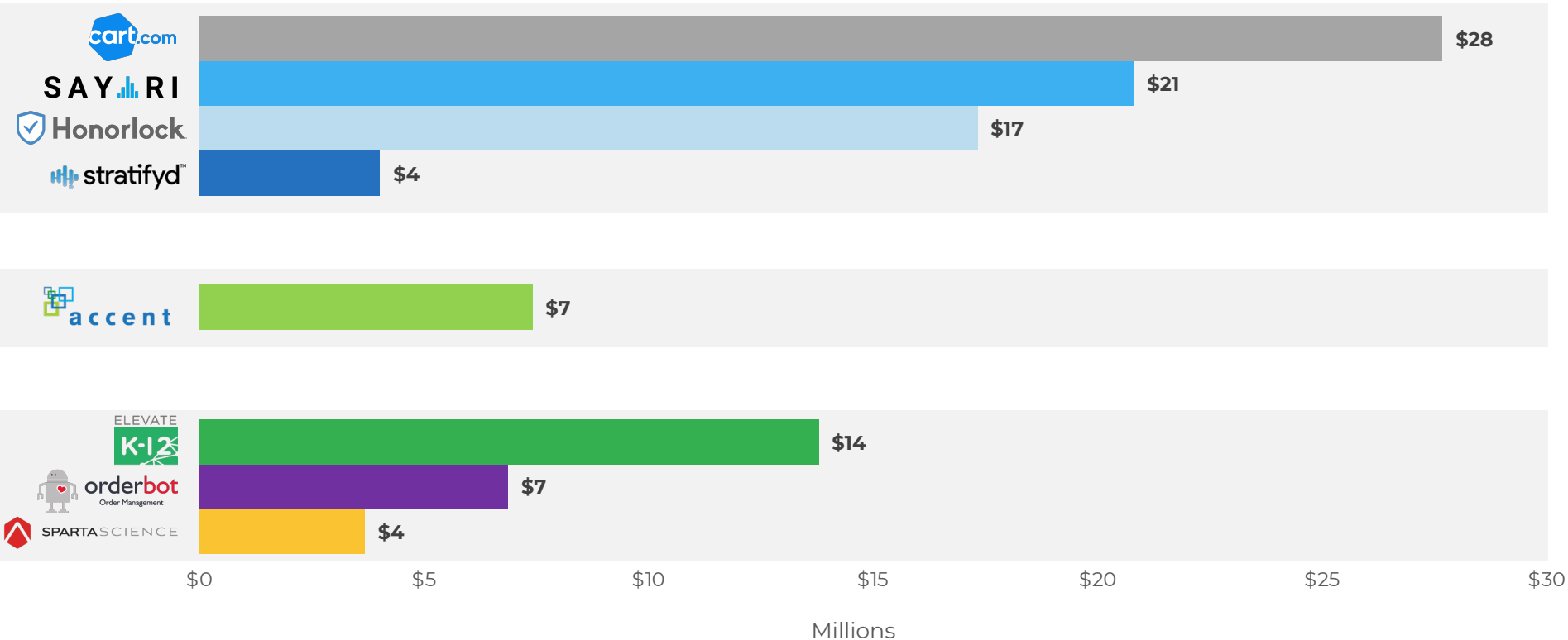
VALUATION SET BY:

Third Party Investor

Acquirer  
(LOI)

Firm Methodology  
(Approved By Advisory  
Committee)

Portfolio Company



\$0 \$5 \$10 \$15 \$20 \$25 \$30

Millions

Current Valuation (\$M)

\*As of 12/31/21.

# Co-Investments

AS OF 12/31/21



Arsenal Cart Investors II, LLC.

DATE OF INVESTMENT

8/3/21

SECURITY

Series B Preferred Stock

CAPITAL INVESTED TO DATE\*

\$2.0m

GROSS VALUE\*

\$4.0m

VALUATION METHODOLOGY

Series B-1 Preferred Stock Pricing

REVENUE GROWTH TO DATE\*\*

204%

SAYARI

Arsenal Sayari Investors I, LLC.

DATE OF INVESTMENT

8/31/21

SECURITY

Series C Preferred Stock

CAPITAL INVESTED TO DATE\*

\$2.0m

GROSS VALUE\*

\$2.0m

VALUATION METHODOLOGY

Last Round Pricing

REVENUE GROWTH TO DATE\*\*\*

247%

## Simple SPV Structures

- ▶ Single Capital Commitment
- ▶ 0% Ongoing Management Fee
- ▶ 20% Carried Interest
- ▶ Efficient Expense Structure - Floated by Manager

- ▶ Ongoing Expenses Accrue Over Time
- ▶ All Expenses Paid by Manager
  - ▶ Legal
  - ▶ Accounting
  - ▶ Audit
  - ▶ Insurance
  - ▶ Tax
  - ▶ Filing Fees
  - ▶ Compliance
  - ▶ Regulatory
- ▶ Quarterly/Annual Expenses Charged
- ▶ Expenses Reimbursed at Liquidity

\*As of 12/31/21.

\*\*Cart Initial Investment = 3/31/21

\*\*\*Sayari Initial Investment = 12/20/19

# Arsenal Growth III

## CASE STUDIES



### COMPLIANCE & REGULATION

## SAYRI

<b>INVESTMENT:</b>	\$6.5M
<b>CURRENT VALUATION:</b>	\$20.8M
<b>CURRENT MOIC:</b>	3.2x
<b>REVENUE GROWTH '19-'20:</b>	89%
<b>REVENUE GROWTH '20-'21:</b>	83%
<b>REVENUE GROWTH '21-'22E:</b>	83%

Sayari has continued stellar growth after a standout performance in FY '20 with a 74% growth in YoY ARR and 61% YoY growth of new logos (121 new clients). An additional round of offensive capital closed August 2021. Sayari is currently on pace for 80%+ growth in ARR for the third year in a row.



### EDTECH

<b>INVESTMENT:</b>	\$4.3M
<b>CURRENT VALUATION:</b>	\$13.8M
<b>CURRENT MOIC:</b>	3.2x
<b>REVENUE GROWTH '19-'20:</b>	34%
<b>REVENUE GROWTH '20-'21:</b>	108%
<b>REVENUE GROWTH '21-'22E:</b>	166%

Elevate K-12 is aiming to solve the teacher shortage crisis by bringing high-quality, live instruction into K-12 classrooms across the nation. The company saw a 208% YoY increase in booked sales in 2021 and a 3x increase in live class delivery over the same time period with demand continuing to soar.

## CUSTOMER TRACTION



- ▶ Live in 26 States
- ▶ 180 School Districts
- ▶ 293 Schools
- ▶ 42,495 Students





## FUND IV CONSISTENT WITH FUND III

- ▶ Investment Strategy
- ▶ Market Sectors Focus
- ▶ Investment Team
- ▶ Investment Pace
- ▶ Fund Investors

**LEVERAGE PROVEN SUCCESS OF ARSENAL GROWTH III**



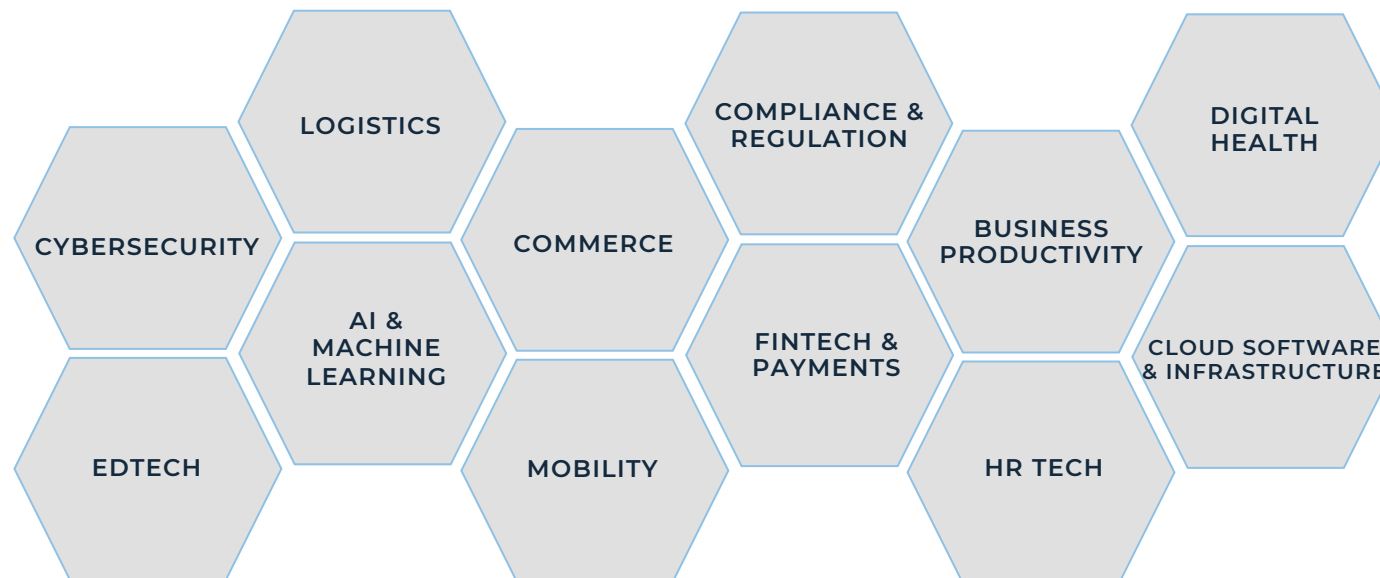
# Arsenal Growth IV

## STRATEGY



- ▶ 12-15 Portfolio Companies
- ▶ Reserving Capital for Follow-Ons & Secondaries
- ▶ Company Board Presence (Seat or Observer)
- ▶ Meaningful Ownership Position
- ▶ 5-7 Year Target Hold Period
- ▶ Target Exits: Strategic Buyers & Financial Sponsors
- ▶ Targeting Q1 Launch
- ▶ First Capital Call Anticipated Q3 22

### SECTORS OF FOCUS



# Arsenal Growth IV

## STRUCTURE



- ▶ \$100M Target Fund Size
- ▶ Ten-Year Fund Life
- ▶ Four-Year Investment Period
- ▶ \$2M GP Commitment
- ▶ Industry Standard Fee Structure
  - ▶ 2% Management Fee
    - ▶ Reduced By 10% Per Year Post-investment Period
  - ▶ 20% Carried Interest
    - ▶ Entire LP Contributed Capital Returned Before GP Participates
    - ▶ Beirne Wealth Negotiated a Preferred Return of 7%

**SEEKING \$20M BRISTOL COMMITMENT**